

**Other  
Activity**

CS/PRES Briefing to conference of  
Emergency Petroleum and Gas Administration,  
(Office of Oil and Gas, Dept. of Interior)

Shoreham Hotel, 0930-1030 7 March 1967

(Also used "Indications of Instability in Western  
Hemisphere" from Rivers Briefing 1 Mar 67)

AGENDA  
NATIONAL HEADQUARTERS - EPGA - CONFERENCE  
Shoreham Hotel, Washington, D. C.  
March 7-8, 1967

MARCH 6 MONDAY Advance Registration & Reception (Hotel lobby) 7:00 p.m. - 9:00 p.m.

MARCH 7 TUESDAY

8:00 - 9:00	Registration	
9:00 - 9:15	Opening and Introductions	T. W. Nelson (Mobil) Conference Chairman O. P. Lattu (OOG) Conference Co-Chairman
9:15 - 9:30	Remarks	Hon. Stewart L. Udall Secretary of the Interior
9:30 - 10:30	Intelligence Briefing	[REDACTED] (CIA) STATINTL
10:30 - 10:45	Break	
10:45 - 11:30	Military Petroleum Planning for Limited War	Lt. Gen. R. D. Meyer (JCS)
11:30 - 11:50	Civil Defense Preparations in Industrial Facilities	Joseph Romm Acting Director, OCD
11:50 - 1:15	Lunch	(Speaker) ADM. D. L. McDonald, USN Chief of Naval Operations
1:15 - 2:30	Counterinsurgency Activities	Col. William H. Crosson, Jr. (U.S. Army, JCS)
2:30 - 3:00	Resource Management and Economic Stabilization in Limited War	Leonard A. Skubal Chief, Econ. Stabilization Division, OEP
3:00 - 3:15	Break	
3:15 - 3:45	Organizing for International Oil Emergencies	David J. Jones (SONJ)
3:45 - 4:45	The EPGA in Limited War	John Ricca (OOG)
4:45 -	The EPGA Operating Manuals Review Program for 2nd Day Announcements, etc. Adjourn	T. W. Nelson (Mobil)
6:30 - 8:00	Social Hour	
8:00 -	Dinner and Program "The NORAD Story"	Col. H. A. Davis, Chief NORAD Briefing Team North American Air Defense Command

MARCH 8 - WEDNESDAY

8:30 - 9:45	General Background - Section I	C. M. Case (OOG) R. E. Geiger (Mobil)
9:45 - 10:15	Office of Program Coordination	M. W. Belaga (SONJ) H. R. Gregg (SONJ)
10:15 - 10:30	Break	
10:30 - 11:00	Staff Offices (Secretariat, Adm. Services, Stat. Services, Information, General Counsel, Finance Counselor)	V. M. Brown (NPC)
11:00 - 11:30	Domestic Petroleum Operations	John Bell (Humble) J. W. Winfrey (Humble)
11:30 - 11:45	Foreign Operations	L. W. Finlay (SONJ)
11:45 - 12:00	Gas Operations	E. H. Fisher (PG&E)
12:00 - 1:30	Lunch	
1:30 - 2:00	Support Services	W. H. Klarquist (SOCAL) H. B. Douglas (SOCAL)
2:00 - 4:30	Discussion Groups	
4:30 - 5:00	Reports by Asst. Adm's., Remarks and Adjournment	
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5:00	Meeting of Reg. Adm's, RMR's, and Dep. Adm's.	T. W. Nelson (Mobil) O. P. Lattu (OOG) John Ricca (OOG)

1. 8. Comparative GNP Growth
2. 8. Absolute Difference, GNP.
3. 9. US/SOV GNP BY END USE
4. 9' Sov Military Expenditures
5. 10. Breakdown of Sov R&D/Adv Wpns Spending.
6. 17. ChiCom Leadership
7. 25. MRBM coverage from China
8. 30. Map, South Vietnam
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7 March 1967

CS/PRES BRIEFING FOR  
Conference of Emergency  
Petroleum and Gas Administration  
(EPGA) Shoreham Hotel, 0930-1030

INTRODUCTION

- I. As a rule we do not discuss our operations, but I would like to tell you, before Ramparts Magazine does, that another one of our efforts is about to be exposed.
  - A. The Soviets have finally managed to decipher some old scrolls they found in the part of Eastern Turkey that was once Armenia.
  - B. The scrolls apparently contain a deposition from a couple of snakes that at the instigation of CIA, a shipmaster named Noah subverted a sub-sonic dove to carry out an aerial reconnaissance mission over territory near the present borders of the Soviet Union.
- II. A lot of important information today is no more classified than the fact that the waters were receding at the end of the Biblical flood. But when that information has been evaluated by our intelligence services, and matched up with other information obtained by sensitive methods, we have to classify it "SECRET."
  - A. So from our point of view, the information I am going to discuss with you today is "SECRET," and you will see that classification on some of the

illustrations I will be using, but ~~it~~ actually  
~~from~~ the classification applies only to the  
fact that this information came from--and  
represents the analysis of--the Central  
Intelligence Agency.

III. I propose to start with the Soviet Union and Communist  
China, and then survey the trouble spots and potential  
trouble spots elsewhere in the world.

A. There is a lot of ground to cover, so I will  
dispense with any further introductory remarks.

THE SOVIET UNION

Military

- I. The armed forces of the Soviet Union have been engaged for several years in a dynamic program of research and development, looking for some kind of a breakthrough which would end the present nuclear stalemate and swing the balance of power in favor of the Soviet Union.
  - A. They have not achieved any such breakthrough, and we have no indications that they may be on the verge of one.
  - B. They are, however, achieving improvements across the board in their strategic offensive capabilities, in their defensive posture, and even in their general purpose forces.
  - C. They remain behind the United States in the number of warheads each can deliver on the territory of the other.
    1. There is a new deployment program in progress for intercontinental ballistic missiles, however, which represents a Soviet effort to catch up numerically.
  - D. At the same time, as you may have seen in the accounts of Secretary McNamara's congressional testimony, the Soviets are deploying a defensive system around Moscow designed to intercept incoming ballistic missiles.



1. We do not consider this a very effective system. It can be fooled, and it can be overwhelmed. Also, insofar as defenses intended primarily to intercept ballistic missiles are concerned, we know of none anywhere else in the Soviet Union except around Moscow.
  2. The rest of the country is still concerned with defending itself adequately against things like manned bombers and air-to-surface stand-off missiles like our HOUND DOG.
- E. But I think the important conclusion to be drawn from everything that we know about the Soviet military establishment is this:
- F. The Soviets continue to increase their military budget, their effort to achieve a major breakthrough, and their general improvement of military posture.
1. Over the next few years, these improvements are going to give the Soviet leaders increasing confidence that they are creating their own effective deterrent, in the form of a military establishment which could undergo nuclear attack, and come through with enough punch left to destroy a significant portion of the population and resources of the United States.
  2. We do not believe that the Soviets themselves expect to be strong enough--even over the next

of a war against the United States.

3. Such growing confidence in their offensive and defensive capabilities, however, is ~~the~~ one of the factors which can lead to disastrous miscalculations when nations are trying to face each other down at the brink of a war which no one may want.
4. It makes it necessary to maintain a continuing watch on the men who now lead the Soviet Union, their abilities, and their policies.

#### The Soviet Leadership

- I. The men who threw out Khrushchev more than two years ago have now had time to establish their policies, their relationships, and their method of operation.
  - A. What has emerged is essentially a collective leadership.
    1. There has been a steady enlargement in the position of the Party General Secretary, Leonid Brezhnev.
    2. The present leaders, however, are a blend of mixed interests and authority. They have held together remarkably well, but they have done it with undramatic,

middle-of-the-road policies. The guiding principle appears to be: "Don't rock the boat."

- B. Decisions are determined by compromise, and implemented with caution.
  - 1. This avoids the erratic initiatives of Khrushchev's time, and minimizes the risk of major failures.
- C. The present leadership has not yet demonstrated, however, that it has designed a durable governmental machinery which can make the hard decisions and still avoid the tendency toward the one-man rule of the Stalin and Khrushchev eras.
  - 1. Such highly political problems as economic reform and resource allocation have not been resolved.
  - 2. And while the Kremlin outwardly maintains an image of collective leadership, the subtle struggle for power and position continues.
- D. Nevertheless, I should point out at this juncture that "not rocking the boat" in no sense implies any weakening of the major thrust of Soviet foreign policy--the extension of Russian influence beyond the borders of the Soviet Union.

1. The cold war did not end with the fall of Khrushchev, or the Cuban missile crisis, or the nuclear test ban treaty, or the Sino-Soviet dispute, or any of the other hopeful developments of the past few years.
2. Rather it has changed its character as the full meaning of the nuclear stalemate becomes apparent to the Soviet leadership. It is more political, more subtle, and slower moving.
3. But the goals remain the same. Marxism-Leninism is still taught in the schools, and still forms the thinking of the Politburo.
4. The low-keyed style of government under Brezhnev and Kosygin is probably better suited to the cold war as it is now fought than Khrushchev's flamboyance. They are inching forward along tested lines of policy to reduce our power and influence wherever they can do so, just as their predecessors did, and perhaps more effectively.

#### Soviet Economy

- II. The Soviet economy in some ways symbolizes this temporizing on the part of the leadership. The same problems are still there; reforms are being attempted cautiously and gradually. As an example,

the U.S.S.R. is already in the second year of a Five-Year Plan period, and the plan has not yet been put in final form and approved.

CHART, COMPARATIVE GNP GROWTH

A. The Soviet economy is somewhat less than half the size of ours, and the Soviet Gross National Product in 1966 was about 45 percent of the U.S. GNP.

1. The GNP growth rate in Russia last year was 7 1/2 percent, but this was due to the largest grain crop in Soviet history.
2. The average growth rate of the preceding five years was 4 1/2 percent, and the outlook from now through 1970 is for about 4 to 5 1/2 percent increase each year.

CHART, ABSOLUTE DIFFERENCE IN GNP

3. Incidentally, the present leaders of the Soviet Union are apparently too realistic to continue Khrushchev's boasting about overtaking the United States, and this chart shows why:
4. Even when the Soviet growth rate matches ours, the absolute increase in GNP in the Soviet Union is much smaller, because the percentage is on a smaller base. As a result, they are not reducing the absolute gap between the two economies. If anything, it is growing.

CHART, U.S. and SOVIET GNP BY END USE

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5. ~~000000~~ We cannot, however, just write off the Soviet economy as an element of national power, because they allocate their national product by entirely different ground rules.
6. The Soviet population is about 20 percent bigger than ours, but the consumer has to be satisfied with only one third of the goods that our economy produces for the consumer here.
7. Because of this, with an economy barely half the size of ours, Soviet expenditures for defense approach our own.

B. Whatever the problems, and whatever the achievements, we expect that the <sup>Soviet</sup> economy will give the military establishment whatever is considered necessary by the Kremlin for national security.

CHART, SOVIET DEFENSE EXPENDITURES  
Military Expenditures

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III. Soviet spending for military purposes and space remained fairly stable from 1962 through 1965, but it increased an estimated 7 percent in 1966. It appears that another 4 percent will be piled on top

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of last year's increase in 1967.

A. The Soviets have announced a military budget for 1967 which is the highest since World War II. It amounts to 14.5 billion rubles--an increase of 1.1 billion over the published figures for 1966.

1. The announced defense budget, however, includes only about 60 percent of the actual military expenditures.

2. We estimate that total Soviet defense spending in 1967 will be about 19.8 billion rubles, or about 54 billion dollars in comparable terms.

CHART, SPENDING FOR ADVANCED WEAPONS AND R&D

B. Soviet spending for advanced military and space systems--and particularly for Research and Development--is growing much faster than the total defense budget.

1. As this chart shows, it more than doubled between 1958 and 1966.

2. These programs demand the best and scarcest resources in plant, material, and skilled technology. The military demand for these resources highlights the whole resource allocation problem in the Soviet Union. But we expect that the

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military and space programs will continue  
to have first call on available resources.

Soviet Relations with the United States

*off*

- IV. I want to touch on just two facets of Soviet foreign policy--Soviet relations with the United States, and the Sino-Soviet dispute.
- V. On the question of relations with the United States, the public stance of the Soviet leaders at present is that it is difficult to make any progress in resolving issues with a nation which is attacking their Communist brethren in North Vietnam.
- A. This position is dictated to a degree by the role which support of the North Vietnamese has come to play in the Sino-Soviet dispute.
1. It is also, of course, a handy pretext by which the Russians can require the overtures to come from us.
- B. In fact, however, there has been some progress on issues not affecting Vietnam--for instance, the recent civil air and space agreements, and the indications that it may be possible to agree on a nuclear non-proliferation treaty.
- C. In private, Soviet leaders have used numerous opportunities to emphasize that they want to



avoid any showdown with Washington over the Vietnamese issue.

- D. The Kremlin leaders realize that if there is going to be any meaningful progress along the lines of their national interests in such matters as European security, arms control, and East-West trade, sooner or later they are going to have to resume the dialogue with the United States.

E. ~~There is~~ No doubt ~~that~~ the Soviet leaders are delighted to see the United States bogged down in Southeast Asia, and ~~that they~~ will continue to give the North Vietnamese any aid which involves no major risk for the Soviet Union.

- F. They do not, however, wish a direct Soviet-U.S. confrontation, and it is clear that they want to keep their lines of communication with Washington open and working. ]

#### The Sino-Soviet Dispute

- VI. As for the Sino-Soviet dispute, the dominating factor in Soviet foreign policy today is that relations between Moscow and Peking have hit rock bottom.

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No Foreign Dissem

- A. The Chinese have done their best in recent weeks to goad Moscow into making a full diplomatic break.
1. In mid-February, Peking eased up a bit on some of the harassing tactics, but the Chinese had already demonstrated that they had it in their power to force every last Russian out of Peking---and they can exert that power at a moment's notice.
  2. Each side would prefer not to take the final step in breaking diplomatic relations, but the Soviets probably have the most to lose.
  3. A complete break could greatly complicate Moscow's problems in getting military aid through China to North Vietnam.
  4. Virtually all Russian arms aid has taken this overland route, largely because of Soviet reluctance to risk a confrontation with the U. S. on the high seas.
- B. If the Chinese can force the Soviets to break relations, they can then charge that the Soviets are to blame for any interruption in the delivery of military aid to North Vietnam.

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No Foreign Dissem

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1. China has already tried to exploit Soviet unwillingness to use the alternate sea route, charging the Russians with cowardice.
  2. The Chinese probably believe that in a pinch the Soviets would still refuse to ship by sea, and thus would discredit themselves in Hanoi.
- C. Moscow is preparing for the worst, carefully documenting the record in an effort to blame Peking if aid to Hanoi is disrupted.
1. An official Soviet statement on February 9 accused Peking of "preventing the solution of concrete questions," and Moscow has published charges that the Chinese are diverting, sabotaging, or re-labeling Soviet war materiel passing through China to North Vietnam.
  2. Soviet propaganda media have blamed Chinese intransigence for the resumption of U.S. bombing on February 14.

- D. The USSR has already gone to great lengths to maintain a presence in China.
1. When the Soviet embassy in Peking was placed under virtual siege, most of the dependents were flown home, but the same aircraft brought in tons of food, and tough young guards to patrol the embassy grounds. The Russians even turned their swimming pool into a water reservoir in

COMMUNIST CHINA

Introduction

I. ~~Before I take up Communist China's advanced weapons and conventional military forces, I want to discuss the "cultural revolution" that has been shaking the country, because it provides a fantastic background for the continued progress of Peking's military establishment, and at the same time imposes certain obvious if temporary limitations on its effectiveness.~~

- A. You have all seen pictures, I'm sure, of swarms of Chinese teen-agers marching through the streets or across the countryside, holding little books from which they chant quotations from Mao Tse-tung.
- B. This is what is known as "Mao's thoughts." In China today, they are credited with almost miraculous power, although for the most part they are a collection of tired old clichés like "all power comes out of the barrel of a gun," or "be resolute, fear no sacrifice, and and surmount every difficulty to win victory."

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C. Even the Russians, who have been known to quote Marx and Lenin, find Mao's thought a bit silly. Pravda cited the case of a Chinese who commented that if a man didn't know how to climb a pole, studying Mao's thoughts would hardly help him do it. The man was denounced and purged because everybody in China knows that "a study of Chairman Mao's work gives immediate results."

1. Chou En-lai's wife recently stated that doctors successfully sewed back a finger which had been cut off because they had studied Mao's thought.
2. A forestry conference in Peking concluded that the study of Mao would enable the forestry service to grow better trees.
3. Peking Radio says that fighter pilots shouted quotations from Mao over the intercom as they started a dog-fight, and were therefore able to shoot down a Chinese Nationalist aircraft.
4. And according to the Chinese Communist news agency, a Lanchow worker who broke an arm, a leg, and several ribs in a fall refused sick leave, because Mao's thought enabled him to live with his pain.

II. To us, it sounds ridiculous, but for the Chinese it is in deadly earnest. A street mob recently forced

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the Chinese chief of state, Liu Shao-chi (Lyew Shaho-chee) to recite Mao quotations from memory, and ridiculed him when he fluffed a line.

Chinese Political Developments

(CHART, CHICOM POLITICAL LEADERSHIP)

~~I. Communist China is being racked by the greatest political convulsions since Mao Tse-tung took control in 1949.~~

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A. Mao, at 73, is aging, sick, and more and more inflexible.

1. He is clearly concerned that his Communist Party is losing the revolutionary zeal of its early days, and cannot be relied on to keep China on the right track after he is gone.
2. The teen-aged millions of the Red Guard are supposed to re-kindle that zeal with their youthful and unbridled enthusiasm.

B. To Mao Tse-tung, the cultural revolution is primarily a drive to re-shape the Communist Party, or replace it with a more reliable, more fanatical, and younger version.

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- C. But for the men who aspire to succeed Mao, it has become a naked struggle for power and for survival.

II. It is difficult to determine from day to day where the cultural revolution stands, who is on which side, or who is going to come out on top.

- A. The prime mover for several months was Defense Minister Lin Piao (Lin Beeow), Mao's designated successor.

- 1. As soon as Lin was proclaimed Mao's heir-apparent last August, he began driving to unseat any potential rivals.
- 2. His immediate targets were the two men who have been at the top of the party machinery, Chief of State Liu Shao-chi (Lyew Shaho-chee) and the general secretary, Teng Hsiao-ping (Dung Sheeow-ping).

~~3. Lin appeared to have won a victory when Madame Mao and other leaders began denouncing Liu and Teng savagely at rallies in Peking last December.~~

- B. Subsequent developments, however, suggest that Liu may have lost the initiative to Premier Chou En-lai (Joe Un-lie).

- 1. Lin hasn't made a major public speech since early November, and dropped from public view in late November.

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~~2. Lin's name shows up in print much less  
now than it did last fall.~~

3. Lin has been in chronic poor health for years, and this may have contributed to his apparent political decline.

C. Chou En-lai, on the other hand, has been the dominant figure in Peking in recent weeks.

1. He has been issuing directives on how to conduct the "cultural revolution," and has even been ordering Lin's troops around to settle disputes between Red Guards and local authorities.

III. Early in January, the leadership struggle entered a critical phase.

A. Evidence began appearing that the army was less than monolithic in its loyalty to Mao and Lin.

1. On January 11, for instance, the cultural revolution group which was supposed to be purging the military leadership was itself purged, and was replaced by a new and presumably trustworthy group of 18 men. Within a week, however, two or three members of this new group were themselves under attack on ideological grounds.

B. At about the same time, several military commanders in crucial positions were denounced for having

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plotted a coup. They included the commander and the political commissar of the Peking garrison, the commander of armored forces, a member of the party's powerful Military Affairs Committee, and a number of key commanders in the provinces.

- C. A number of top regional party officials were accused of having joined in the plot. The most important was Tao Chu (Taho joo) who was both the party boss of the Central-South region, in Canton, and number four man for a while in the inner circle of Peking leaders. Tao was very active in Peking right up to the time of his downfall at the end of December.
- D. We don't know the full story, but we suspect that Mao and Lin may in fact have had a very close shave in December or January.
- E. The opposition aligned against them was a formidable group, and it did not give up without a struggle.
  - 1. For several weeks after the turn of the year, there were disorders throughout China, as Mao's opponents incited strikes and riots, and managed to disrupt transportation and production.
- F. It is now evident, however, that the opposition has been largely suppressed. Many of its leaders have been arrested, or are in hiding, and Peking is working out an accommodation with several provincial leaders.

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- ~~1. Reports of fighting and disorder dropped off sharply in February.~~
2. Most of the incidents now involve clashes between groups of unruly Red Guards.
3. The army has been ordered to bring these groups under control, and some of the more militant Red Guard organizations are being disbanded.

IV. This return to a more orderly situation indicates that most key military commanders remained loyal to the present political leaders in Peking.

A. The course of developments indicates, however, that their loyalty was secured only after Peking shifted to more moderate tactics in the power struggle.

1. It is also significant that in January, before the army took an effective role, the major responsibility for running the cultural revolution shifted to Chou, who is not only a competent compromiser, but more flexible and more reasonable than either Mao or Lin.

B. The steam does seem to be going out of the cultural revolution. Its excesses could be attributed to a considerable degree to the volatile and unruly youngsters who made up the Red Guard.

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1. Now a February 19 directive of the Central Committee has ordered the secondary schools reopened on March first. What's more, the schools have been told to concentrate on the academics and not spend too much time studying Mao's writings when they do reopen.

~~G. A word of caution is in order about the day-to-day reporting of the recent turmoil from Tokyo, from Hong Kong, and from the handful of foreign correspondents in China, who are virtually confined to Peking itself:~~

1. The Chinese Communists do a great deal of their talking in metaphor and hyperbole. Some of the reports of pitched battles may have arisen from the use of military language to describe what was essentially a street brawl between opposing political factions.
2. Much of the reporting has relied on wall posters. Premier Chou En-lai's latest speeches have described them as irresponsible.
3. A great deal of this reporting can neither be confirmed nor refuted by the hard intelligence ~~we get on what is actually happening.~~

V. There is little doubt ~~that~~ that many officials have fallen victim to the purge. *[Ad lib from Chart]*

~~A. Order is being gradually restored, but it is too early to conclude that the situation has been~~

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~~stabilized.~~

B. Mao's victory has been won at great cost--if it has been won. The party apparatus is all but shattered, and the purge has left a legacy of mistrust and bitterness among the surviving leaders,

C. If Chou En-lai manages to consolidate his position, and emerges as the dominant figure, the trend of recent weeks toward moderation and reasonableness will probably continue. It is conceivable that Chou has already achieved a considerable degree of control.

D. At this point, however, there is little hard evidence that Mao has lost his ultimate control to the more moderate elements.

1. As long as Mao remains the leader of Chinese Communism, he can be expected at any time to renew his attempt to reshape society along radical lines.

2. This would certainly renew the turmoil and the infighting among top leaders.

VI. ~~Thus~~ The long-range effect of the cultural revolution remains up in the air, but there are two points which we can make:

First, until Mao goes and a new leader has firmly consolidated his succession, China's leaders will be divided and in conflict. They will find

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it difficult to agree on any new policy lines,  
so we do not expect any radical departure from  
existing policies.

Second, whoever wins, we can see no reason to expect  
any dilution of Peking's implacable hostility  
toward the United States.

For some time to come, however, the Chinese Communists  
will probably suffer from a cultural revolution  
hangover that could limit their capacity to engage  
in foreign adventures.

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Chinese Military

- I. When the Sino-Soviet split began in 1960, the Chinese Communist military establishment amounted to a sub-standard, World War II army, a large but inferior air force, and a navy consisting largely of submarines that didn't venture outside coastal waters.
- II. The withdrawal of Soviet help brought improvement of the Chinese forces to a complete halt.
  - A. Over the past two years, however, the Chinese have regained momentum, and this time they are doing it entirely on their own as far as we can see, with no help from the Soviets.
  - B. The dominant fact, of course, is that Communist China has achieved nuclear status.
  - C. At present, their nuclear weapons, along with existing or imminent delivery systems, are crude and limited by our standards, but by Far Eastern standards they make a great contribution to Chinese Communist military prestige.
- III. Analysis of the five nuclear tests to date suggests that the Chinese can probably already package a nuclear device for delivery by their handful of aging medium bombers.
  - A. They may be working on one that could be delivered by some 250 light jet bombers they have in their inventory.

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(MAP, CHICOM MISSILE ~~XXXX~~ COVERAGE OF ASIA)

- B. More important than an air-dropped weapon, however, is the fact that they probably fired one of their tests on a surface-to-surface missile.
- C. We believe that the Chinese can probably ~~deploy~~ <sup>begin deploying</sup> a medium-range missile with a nuclear warhead this year. This map shows the area that could be covered from Chinese Communist launchers with a 1,000-mile missile.
1. The implications for the Far East, Southeast Asia, and South Asia are obvious.
- D. We also think they might be able to ~~deploy~~ their first crude ICBMs in the early 1970's.
1. It is not beyond the range of possibility that they could put a small satellite into orbit some time late this year.
- E. Chinese factories are also beginning to turn out advanced fighter aircraft, to <sup>supplement</sup> ~~replace~~ their aging and obsolescent MIG 15s and MIG 17s. We would not be surprised to find that they will soon begin making a copy of the Soviet BADGER jet medium bomber.
- F. They have assembled one copy of a Soviet ballistic missile submarine, although they probably don't have a missile ~~for~~ system for it yet. And they are apparently making PT boats that carry guided missiles.

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- IV. In other words, they are again making progress in upgrading their weapons, but it is being done on a small scale, and with over-riding priorities which mean that other technological progress and the economy generally suffer as a result.
- V. As for conventional military forces, the army amounts to about 2,300,000 men, with more than 100 infantry and a dozen armored or artillery divisions.
  - A. The Chinese Army has the capability to overrun any of its mainland neighbors, provided it does not encounter significant opposition from a ~~major power~~ major power.
    - 1. It is short of armor, heavy ordnance, mechanized transport, and fuel.
  - B. The air force and the navy have primarily defensive missions.
  - C. The navy has the world's fourth largest submarine fleet, but it has no experience in sea-going operations.
- VI. There has been a lot of belligerent talk from the Chinese over Vietnam, but we think there are probably only three circumstances in which the Chinese would feel obliged to intervene there with military force:
  - A. U.S. air strikes against Chinese targets.
  - B. A major U.S. invasion of North Vietnam; or
  - C. Threat of imminent collapse of N.Vietnamese govt.



VIETNAM

Introduction

I. For Vietnam, the year 1966 was primarily the year in which allied forces:

- took the initiative for open combat away from the Communists in the South;
- developed a sustained and increasing aerial bombardment of military targets in the North; and
- made a start down the road toward stable democratic government in Saigon.

A. Allied field tactics in the South have featured massive search-and-destroy or "spoiling" operations--designed to force enemy concentrations into extended combat, inflict heavy casualties, and prevent enemy offensives.

1. Late in the year, these tactics were being carried into enemy strongholds where allied forces had not penetrated in strength since the war began.
2. The Communists are putting renewed emphasis on classical guerrilla tactics, in an effort

to maintain momentum without risking as many  
**Approved For Release 2000/08/07 : CIA-RDP79T00827A000800010001-8**  
large-scale clashes in which Allied forces can

bring superior mobility and firepower to bear.

B. Nevertheless, at the end of the year the Communists had a larger main combat force in the South than ever before; infiltration continued; and Hanoi's determination to persist in the war appeared to be undiminished.

#### THE WAR IN SOUTH VIETNAM

I. In the bitter fighting in South Vietnam last year, the Viet Cong and regular units of the North Vietnamese Army lost nearly 56,000 killed in action. A record 20,000 defectors responded to the government's psychological warfare program--about twice as many as in 1965--and the bulk of these defectors had been Communist military personnel.

A. But measuring a war by statistics immediately becomes a paradox. In the course of the same year, our figures on total Communist combat strength rose by about 60,000, ~~primarily as a result of better intel~~  
~~ligence~~

~~1. In fact, the increasing information now becoming available to MACV suggests that the Viet Cong and North Vietnamese strength figures--particularly for irregulars and political personnel--are going to be raised significantly in the course of new~~

MAIN COMBAT  
FORCE:  
62,000 VC  
50,000 NVA

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~~studies now being made at MACV.~~

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~~2. Such an increase will not reflect any recent~~

~~growth in Communist manpower, but rather a~~

~~refinement in our knowledge of enemy forces~~

~~which have long existed in South Vietnam.~~

MAP , SOUTH VIETNAM

B. Today, the Communists may be emphasizing guer-  
rilla tactics, but they can also operate under  
nine identified divisional commands.

1. Such divisional headquarters are located,  
for example, along the dividing line be-  
tween North and South Vietnam; in the cen-  
tral highlands of Pleiku and Kontum; in  
the central coastal provinces around Binh  
Dinh; or in the redoubt they call War Zone  
C, backed up against the Cambodian border  
northwest of Saigon.

C. These areas, in fact, have been the scenes of  
some of the biggest and bloodiest actions of  
the war, as the enemy has tried to mass for an  
offensive, and the allies--making use of im-  
proving combat intelligence--have beaten him  
to the punch with a spoiling operation.

D. Beginning in May, for instance, the North  
Vietnamese began moving troops directly through  
the supposedly demilitarized zone. They poised  
elements of at least two North Vietnamese di-

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a direct challenge to U. S. Marine forces there.

1. Since July, continuing Marine operations against these forces have resulted in nearly 2,300 Communists killed in action in this one province alone. ~~For the present, the bulk of the North Vietnamese troops have pulled back into or behind the demilitarized zone.~~

E. In the central highlands, we have mounted a virtually continuous sweeping action in force, called Operation PAUL REVERE. This has kept the North Vietnamese First Division from launching an offensive out of its Cambodian sanctuary. Since May, U.S. multi-battalion forces have killed 2,500 enemy troops by body count in engagements with Communist units on the Vietnamese side of the border.

F. In and around Binh Dinh Province, the U. S. First Air Cavalry Division, together with South Vietnamese and South Korean forces, have carried on a series of operations all year which have cost the North Vietnamese Third Division 4,000 killed. Most of these losses, however, now appear to have been replaced.

II. Last October, in Operation ATTLEBORO northwest of

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penetrated War Zone C, killing 1,100 enemy in a

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--An even bigger operation, JUNCTION CITY, is now under way in Zone C. It was designed to destroy major Viet Cong units there, as well as the Communist high command in the South,

25X1D

25X1D

--Recently, in another of the biggest operations of the war, we penetrated the so-called Iron Triangle north of Saigon, where the Viet Cong, and the Viet Minh before them, have been building fortifications and a virtual underground city since 1946.

- A. This operation, CEDAR FALLS, cost the enemy 720 killed, in contrast to 72 allied fatalities.
- B. The purpose of operations like ATTLEBORO, JUNCTION CITY, and CEDAR FALLS, however, is not only to kill the enemy, but to destroy his secure bases and sanctuaries, and to capture his weapons and supplies.
- C. We are overrunning weapons caches and jungle munitions factories with increasing frequency, and in CEDAR FALLS, <sup>alone</sup> we captured enough rice to feed 10,000 troops for a year.
- D. The Iron Triangle was the headquarters for

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enemy troops operating in the general Saigon area. So far, we have hauled more than a quarter of a million pages of useful documents out of the tunnels, including an enemy estimate indicating that during the past year the Viet Cong have lost control over about one million South Vietnamese. This is in pretty close agreement with our own estimates.

- E. Operation ATTLEBORO, similarly, had caused serious command, control, and relocation problems for C.O.S.V.N.--the enemy's supreme military and political headquarters for South Vietnam, which is located on the Cambodian border at the rear of War Zone C.

~~F. Part of the credit for Allied successes of the past year can be attributed to an increasingly useful intelligence base, which derives both from greater cooperation by the Vietnamese villagers, and from a greatly intensified intelligence effort on our part.~~

~~1. Each of the operations I have mentioned~~

~~started off with considerable knowledge of~~

Off  
FINISH  
GRAPHICS

~~Many of the operations were undertaken because we knew of enemy plans to launch a major offensive in that particular area. As a result of our aptly-named spoiling operations, the bulk of these offensives did not materialize.~~

III. The abbreviation C.O.S.V.N. stands for "Central Office for South Vietnam." It is the military high command of the Viet Cong, and at the same time the central office for the Communist Party and its so-called National Front for the Liberation of South Vietnam.

- A. Now, the Viet Cong are supposed to be an army of freedom-loving South Vietnamese, and the Liberation Front is supposed to be a coalition of political forces which includes non-Communists.
- B. We know, however, from the testimony of North Vietnamese officers who have defected or been captured that C.O.S.V.N. is run by a member of the North Vietnamese Politburo, Senior General Nguyen Chi Thanh (N'gween Chee Tahn), who has been in South

1. We have identified six other North Vietnamese generals who have entered South Vietnam since 1964 to take over major military commands.
2. General Thanh's deputies for military and political affairs respectively are both members of the Communist Central Committee in North Vietnam; they use assumed names in South Vietnam, but defectors have confirmed their actual identities.
3. The National Liberation Front has five Vice Chairmen; at least three of them are Communists.

C. The military strategy of the Viet Cong is determined at C.O.S.V.N., and in Hanoi. We know that the large-scale introduction of U.S. combat troops touched off a high-level Communist debate early in 1965 over the proper strategic response.

1. This was reflected in articles published in the North Vietnamese press last year, which confirmed that by mid-1965 the de-

bate had been won by those who advocated



continued expansion of the  
main force, and continued large-scale  
offensive action.

2. Captured documents, dated August 1965,  
revealed what was referred to as an  
"extra-ordinary levy," upgrading Viet  
Cong guerrilla troops into the main  
combat force.

D. From various sources, we get the picture  
that General Thanh was one of the main ad-  
vocates of this confrontation policy. In  
Hanoi, General Giap, the victor of Dien  
Bien Phu who is considered a master of  
guerrilla strategy, appears to have been  
on the losing end of the argument. Thanh,  
incidentally, is the only North Vietnamese  
general with a rank equivalent to Giap.

IV. Intelligence reports and even Communist press  
articles indicate that there was another debate  
on strategy in mid-1966. This time, it appears  
that General Thanh in South Vietnam has been  
reversed, and General Giap is again being  
heard.

A. The clandestine radio of the National

intriguing article which it said had been printed in the army journal of North Vietnam.

1. The article admitted that in large-scale combat U.S. air power and fire power could "control the battlefield," and went on to extol guerrilla warfare, which it described as "a basic form of war" with unlimited potential.
2. Specifically, it said that for the Communists in the present situation, the concept of "depending on concentrated troops" was "erroneous."

B. This does not mean that the enemy is going to dismantle his main force structure in South Vietnam.

1. It does mean that the Communists will do what they can to avoid frontal engagements with equal or superior allied forces.

C. It stands to reason that it takes longer to track and dispose of 10 weasels than one wildcat. The enemy is not giving up, but shifting to tactics which he hopes can make it a longer and more difficult war.

1. The enemy objective, and his hope, is no longer to defeat the allies, but to wear them down and wait them out.

I. The outlook for political stability in South Vietnam appears somewhat brighter today than it was a year ago. The trend has been generally favorable since the so-called "struggle movement" of militant Buddhists and students in the northern provinces was put down last summer.

A. For the first time in several years, there is a degree of continuity in the national government as a result of the 20-month tenure of the Ky regime.

1. The military government has been strong enough and cohesive enough to ride out militant civilian opposition, and to dismiss maverick generals who threatened the objectives or the authority of the regime.
2. At the same time, it has been sufficiently adroit and accommodating to keep the dialogue going with the civilians trying to establish a democratic system.

B. The evolution toward a constitutional government remains on schedule, and the elected

Constituent Assembly is proceeding in an orderly and responsible manner.

II. The divisive factors which have caused so much instability in the past still exist-- regional and religious rivalries, personal ambitions, and the mutual suspicions between the military and the civilian politicians. There is still little sense of national identity.

- A. It is too early to give any hard and fast assurances that some incident might not provoke a major crisis.
- B. On balance, however, we believe that the present assembly will produce a workable constitution acceptable to both the civilian politicians and the military regime, and that national elections for a new government will be held this year.

D. In the long run, the strength and stability of any constitutional government is going to depend on a military commitment to support the constitution, and on the improvement of civilian-military relationships.

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Pacification

- IV. The pacification effort has made scattered gains, but little concrete overall progress, in rooting the Viet Cong out of the countryside and establishing Saigon's authority.
- A. The Communist political and guerrilla infrastructure remains deeply entrenched. It will be reinforced by the renewed enemy emphasis on guerrilla tactics.
- B. The definitions of words like "control" and "authority" are so flexible that statistics on population or territory control are not very meaningful.
1. Our mission in Saigon calculates that the population living under secure conditions--that is, fairly solid government authority--increased last year from less than 55 to almost 60 percent.
  2. The number subject to predominant Viet

Cong control remained steady at about 20 percent.

3. The rest live in what amounts to Indian country, with neither side exerting firm control.

C. Obviously, both the military and the political objectives for South Vietnam presuppose the elimination of guerrillas and the pacification of the countryside.

D. Present planning calls for the regular armed forces of South Vietnam to assign a significant portion of their units to pacification duties.

1. Their mission will be to give the Revolutionary Development teams protection against the Communist paramilitary forces, while U.S. and other allied forces keep the enemy's main combat units off the backs of the widely dispersed South Vietnamese Army.

NORTH VIETNAM

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I. The aerial bombardment of North Vietnam continues to limit the capability of North Vietnamese forces for overt aggression, and it has delayed and obstructed the movement of men and supplies.

A. The bombing has not, however, reduced the ability of North Vietnam to support Communist military activity in South Vietnam and Laos, either at present or increased levels of combat and manpower.

B. The logistical support effort has become more costly, more difficult, more complicated, and more time-consuming.

1. But it is estimated that at present combat levels, the external supply requirements of the Communist main force in South Vietnam today amount to no more than 20 to 30 tons a day.

2. Even under maximum interdiction, swarms of coolies could lug the essentials down jungle trails on their backs.

3. This is the adverse weather season over northern North Vietnam, and the North Vietnamese will make major use of the monsoon to repair transportation links and build up stockpiles in the southern part of the country and in Laos.

not only of the monsoon, but of any truce periods. We estimate that they moved about 15,000 to 20,000 tons of supplies south toward their troops near and in South Vietnam during the four-day Lunar New Year truce.

~~1. That would be 150 to 200 "division days" of supplies.~~

~~2. This is based on truck and coastal ship sightings during the truce.~~

3. The number of ships sighted between the 17th and 19th parallels was ~~about eight times the normal rate~~ during the Christmas ~~standdown~~, and more than 12 times the normal rate during the Lunar New Year.

~~4. Truck sightings in the southern part of North Vietnam during the latest truce were more than 20 times the normal daytime rate.~~

D. In general, however, our air and sea interdiction efforts are imposing effective limitations on coastal shipping, and have reduced the usefulness of established port facilities.



(PHOTO/MAP, APPROACHES TO HAIPHONG)

9

1. Almost all of the oil now brought into North Vietnam by sea, for instance, has to be discharged into barges since the attacks on the oil facilities of Haiphong port.
2. This photograph shows a Soviet tanker unloading oil into a lighter alongside. The map shows how the larger tankers, coming from the Black Sea, use a series of anchorages to discharge their cargoes.
3. In recent months, POL supplies have been shipped in smaller tankers from Vladivostok to simplify this process.
4. As a result of these procedures, POL supplies in North Vietnam have not dropped below a 60-day supply for the past five months. Occasional local shortages appear to have been the result of inefficient distribution.

off

E. The bombings appear to be having some adverse effect on public morale. We have reports of consumer

shortages, and the extensive evacuation of  
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civilian personnel has caused some economic  
difficulties.

F. There is no good evidence, however, that the  
resolve of the leadership to continue the war  
has been weakened.

IX. Foreign ocean shipping to North Vietnamese ports  
dropped sharply in 1966, with only 379 arrivals  
compared to 530 in 1965. There was ~~substantial~~  
~~increase in calls by Communist flag ships. This~~  
~~was more than offset, however, by a 70 percent~~  
reduction in free world shipping--attributable  
in part to restrictions imposed by free world  
governments following U.S. demarches, and in part  
to shortages of Hanoi's principal exports.

A. The average monthly calls by free world ships  
dropped from 21 to about six. Of the 74  
arrivals in 1966, 50 flew the British flag,  
but the majority were under Communist charter.  
A good share of the British ships are of Hong  
Kong registry. Some of them are owned by Hong  
Kong shipping companies which are under Commu-  
nist control.

B. The 1966 arrivals were dominated by 138 ships  
of Chinese Communist registry, and 122 under  
Soviet flag.

1. Free world ships brought in only 22 percent  
of North Vietnam's seaborne imports in  
1966, and loaded one-third of seaborne ex-  
ports. Only about a tenth of the imports--  
115,000 tons--originated in Free World

50,000 tons  
Jap  
fert 1/22  
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45

IX. We have no evidence pointing to any reduction in Hanoi's determination to continue the war, in spite of the recent discussions occasioned by the Harrison-Salisbury interview, the remarks of the North Vietnamese representative in Paris, and a number of third-party efforts to get negotiations started.

A. The official Hanoi position is that any settlement of the war will have to be based on the "Four Points" first outlined by Premier Pham Van Dong in April, 1965.

1. The Four Points, as you may recall, require the United States to withdraw from South Vietnam, and stop all acts of war against North Vietnam. They stipulate that the internal affairs of South Vietnam must be settled on the basis of the program of the National Liberation Front, and that the question of peaceful reunification will be settled by the Vietnamese people of both zones.

B. The principal question left open was whether the United States would have to commit itself in advance to accept the Four Points in any settlement resulting from negotiations.

1. At times, the North Vietnamese appeared to be keeping the confusion over this question alive on purpose.

C. In recent weeks, however, the North Vietnamese have launched a concentrated campaign to suggest that they are now willing to agree to bilateral talks with the United States, subject <sup>only</sup> to the prior unconditional and complete cessation of air strikes and all other "acts of war" against North Vietnam.

X. The leaders of North Vietnam may now realize that they can no longer hope for military victory in the South. Hanoi's determination to drag out the fighting indefinitely, however, is probably buoyed by hopes that the U.S. will lose heart if the war is prolonged.

A. As long as Hanoi's leaders believe that the U.S. will tire first, that the world is more interested in an end to fighting than in the terms of settlement, and that Saigon will fail to put together a popular, stable government, there is little incentive for them to negotiate except on their own terms.

#

MAP, LAOS

10

- I. The situation in Laos gets very little attention these days, except for reference to the Ho Chi Minh trail down through the Panhandle to South Vietnam.
  - A. The fighting, however, continues. Last year, there were a total of more than 1,600 engagements.
  - B. The Royal Laotian Armed Forces, and the Meo tribal guerrillas fighting behind the Communist lines, have developed to the point where they can fight the enemy to a standstill, even with some 10,000 North Vietnamese in the country.
    1. The government forces a few years ago were barely able to <sup>match</sup> ~~hold their own against~~ the insurgent Pathet Lao, and rarely held their ground if there were any North Vietnamese present.
  - C. Now the pattern is that the government forces and the Meo tribesmen grind away at the Communist positions during the wet season (from May to October,) and then ~~they are forced to~~ have to surrender their gains during the dry season.
    1. They manage, however, to hold sizeable enclaves--big enough for airfields, for instance, well in the enemy rear.
    2. The bulk of the North Vietnamese are concentrated along the supply line from

46

II. The Prime Minister, Prince Souvanna Phouma, still pays lip service to the Geneva requirement of a tripartite government, made up of Pathet Lao, neutralists, and rightists.

A. In actual fact, his government now is somewhere right of center.

1. Several of the would-be strong men on the extreme right, like General Phoumi, Air Force General Ma, have fled the country after trying to seize power.
2. The neutralist officer who once seized power and turned it over to Souvanna, Kong Le, is being shipped around on an assortment of tours and study missions to keep him out of the country.
3. Souvanna has been cured of any illusion he may once have had that the Pathet Lao, under his half-brother Souphannouvong, would do anything but try to take the country over for Communism.

B. The government forces not only hold their own, but with the help of the tribal guerrillas are doing a respectable job of harassing the North Vietnamese supply line to South Vietnam, mainly by air attack.

MAP, THAILAND

11

I. We have been warning for some time that Thailand is next on the Communist list for subversion and insurgency.

A. There are now reports on an almost weekly basis, not of a Communist appearance in some isolated village, but of clashes between government troops or police forces and insurgent bands.

1. It is not limited to the northeast, where there have been severe economic problems and there is also a sizable Vietnamese ethnic group.

2. The Communists are showing up in the northern provinces, in the west-central provinces, and down at the southern tip, where they had a nucleus of guerrillas chased out of Malaysia when the insurgency was put down there.

village chiefs  
teachers  
police  
informants

B. In the northeast, there are about 10 assassinations a month. In February, there was a clash between about 100 insurgents, and a company of Thai troops.

C. On the plus side, the Thai government is learning how to cope with the insurgency while it is still small, and they are implementing a vigorous civic action program to keep it from spreading.

D. The Communists are trained by North Vietnamese, and led by a few guerrillas who have been to Hanoi and

1. Peking and Hanoi are bossing the insurgency, and they have probably touched it off before it has an adequate political or material base.
  2. There is little public sympathy, and because the guerrillas have been told to get their food and supplies locally, they are not making many friends. There are not enough trained and competent Communist functionaries available to develop much of an organization.
- II. We are supplying advice, training, and specialized equipment for the Thai counter-insurgency effort, but the Thai government is confident that beyond that, it will be able to keep the insurgency in check with its own resources.
- A. Thailand has a stable government, whatever its shortcomings in democracy may be. A constitution has been promised, and is still being written.
  - B. The cornerstone of the stability is the close working relationship between the Prime Minister, General Thanom, and the real strongman, General Praphat, his deputy.
  - C. The Thais will be dedicated and effective anti-Communists as long as they remain convinced--as they are at present--that the United States will continue to resist the expansion of Communism in Southeast Asia.



(MAP, CAMBODIA)

12

I. Cambodia is still trying to avoid involvement in the Vietnamese war.

- A. The volatile ruler, Prince Sihanouk, decided several years ago that the Communists were going to win in Vietnam, and that the Chinese Communists were going to run Southeast Asia.
- B. As a result, he has been trying to maneuver for guarantees from them that would preserve Cambodia's independence. He has had little success.
- C. He looks on Thailand and South Vietnam as the historical enemies on Cambodia, and on top of that he is aware that they afford a haven for exiled dissidents known as the Khmer Serei, or Free Cambodians, who stage border raids into Cambodia from time to time.
- D. Sihanouk believes that the United States can--and should--control the Thais and South Vietnamese.
- 1. Accordingly he blames the U.S. for all Thai and Saigon actions and policies, ~~and at present there are no relations with the formal U.S. Cambodian relations.~~
- 2. Recently, however, there have been indications that he would like to improve relations with the United States.

II. We have ample evidence that the Viet Cong and the North Vietnamese troops in SVN use Cambodia as a sanctuary and rest area and base. In some areas, the Cambodian

of the remote border areas, there are no Cambodian forces.

A. The Cambodians also sell rice and pharmaceuticals to the Viet Cong, and have staged a number of propaganda conferences with the North Vietnamese and the Communist ~~xxxx~~ National Liberation Front of South Vietnam.

1. In spite of this, however, Sihanouk has been unable to persuade any of the Communists to recognize Cambodia's version of her frontier with Vietnam.

BRIEFING PACKAGE

27 February 1967

(Map, Indonesia)

INDONESIA

13

- I. In Indonesia, the Suharto regime, 17 months after the abortive coup of October 1, 1965, is still preoccupied with the same two major problems: how to deal with President Sukarno, and the effort toward economic stabilization.
- II. In view of Sukarno's continued obstruction, the regime on February 20 forced him to turn over his remaining government power to General Suharto but permitted him to remain titular president.
  - A. An emergency session of congress is scheduled to meet ~~on March 7~~ <sup>today</sup> which will ratify the power turnover and perhaps take further anti-Sukarno measures.
    1. Anti-Sukarno activists still demand Sukarno's suspension as president and his public trial.
    2. General Suharto apparently wants to avoid a trial fearing it might provoke violence in pro-Sukarno areas, but he may support the removal of Sukarno as president.

III. Indonesia has begun to implement the economic stabilization plan which it developed last year with the help of the International Monetary Fund.

A. Its major efforts to increase government income are new foreign exchange regulations, an intensified drive to collect taxes, and the partial removal of price controls.

1. Other moves toward budget balancing are credit limitations, higher interest rates for government bank loans, and some luxury taxes.

B. The present regime favors increased participation in the economy by private capital, both foreign and domestic.

1. In December, parliament passed a new law governing foreign investment, and Indonesia has negotiated an investment guarantee agreement with the United States.

C. Indonesia exported more in 1966 than in 1965, and achieved slight improvement in its balance-of-payments.

D. Indonesia plans bilateral discussions to obtain assistance to support the stabilization program.

1. The US has offered \$65 million for calendar year '67 which would consist of loans to finance imports and credits for the purchase of agricultural products.

IV. Since Indonesia is practically bankrupt, all creditors--both Western and bloc--have agreed to reschedule Indonesia's payments on its large foreign debt of about \$2.4 billion.

- A. Both groups of governments have agreed on a grace period. Repayments to the West on part of the Indonesian debt are to begin in 1971 and to be carried out over a period of eight years; repayment to the bloc will begin in 1969 and be over a 13-year period.

V. Indonesia formally ended its three-year undeclared war against Malaysia last August. *TH*

- ~~A. Indications are that Djakarta will maintain~~  
at least a low-grade campaign of political subversion designed to develop in Malaysia a susceptibility to Indonesian influence.

- B. Djakarta has ordered a stop to paramilitary operations, and is withdrawing the bulk of its "confrontation" forces from the border areas.

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No Foreign Dissem

27 February 1967

BRIEFING PACKAGE

Map, So Asia

INDIA-PAKISTAN

14

I. India's relations with Pakistan remain dominated by mutual distrust. There had been indications that meaningful discussions might be possible after the Indian elections but the severe setback to the Congress Party in India probably will force New Delhi to concentrate attention on domestic issues to the exclusion of foreign affairs for some time to come.

A. The ultimate status of Kashmir is still the basic issue in dispute, with both states clinging to their long-standing positions.

1. Pakistan continues to demand that the status of Kashmir be determined by its people--preferably through a plebiscite. Rawalpindi assumes that the predominantly Muslim population would opt for union with Pakistan.
2. India, in physical possession of the most desirable parts of the disputed area, shows no inclination to yield to Pakistan's demands.

INDO-PAK 1  
No Foreign Dissem

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*In India*

A. 1. Incomplete returns indicate that Congress will retain a viable, but severely reduced, majority in the lower house of the national parliament.

[ 1. While Congress will only control about 54 percent of the 520 elected members, the opposition remains splintered and ideologically divided.

[ 2. The major right-wing opposition parties-- the Hindu nationalist Jan Sangh and the conservative Swatantra--scored the biggest gains at Congress' expense.

3. The Indian Communists, split since 1964 into two rival parties, were also able to improve somewhat their small parliamentary representation.]

B. Congress fared considerably worse in the state legislative assembly contests.

1. Prior to the elections, Congress held absolute majorities in 15 of the 17 Indian states.

~~a. Nagaland, a tribal area in extreme northeastern India, is controlled by a local party allied with Congress, but did not hold a state assembly election this year.~~

INDO-PAK-3

No Foreign Dissem

33  
563

SECRET

No Foreign Dissem

~~b. The south Indian state of Kerala had been ruled directly from New Delhi since an indecisive election in 1965.~~

2. Now Congress retains absolute majorities in only 8 of the states.

a. This time Kerala produced a landslide victory for a Communist-led coalition.

b. In neighboring Madras--until now a Congress stronghold--an aggressive regional party captured power and in the process defeated Congress president K. Kamaraj and national Food and Agriculture Minister C. Subramaniam.

~~c. The north-central coastal state of Orissa also fell to a conservative Swatantra-led coalition that included a number of dissident congressmen.~~

d. In five other states, Congress was only able to win a plurality, but may be able to form shaky coalition governments in at least two of these.

C. The losses suffered by Congress on both the state and national levels largely appear to reflect a growing disenchantment with Congress' performance rather than a sudden upsurge in the popularity of the major opposition parties.

INDO-PAK-4

No Foreign Dissem

SECRET



SECRET

No Foreign Dissem

- A. The most severe drought in this century in 1965 reduced grain production for crop year 1965/66 to about 72 million tons, some 20 percent less than in the bumper crop year 1964/65.
- B. The nearly complete failure of the monsoon in late 1966--for the second consecutive year in a belt across heavily populated north India--has virtually eliminated prospects for a good harvest in crop year 1966/67.
1. Total Indian foodgrain production for this year is tentatively estimated at about 78 million tons.
  2. Needed foodgrain imports for calendar year 1967 are estimated at close to the 12 million tons received in 1966.
  3. The low level of India's foreign exchange holdings precludes large-scale purchases to meet the demand.
- C. India's requirements for food imports--even with good weather conditions--will remain high for many years, despite the hopeful measures the government has initiated to improve agricultural production and control population growth.

INDO-PAK-7

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SECRET

No Foreign Dissem

- V. Fearing Peking, the Indians view their security as dependent on the maintenance of good relations with both the US and USSR.

~~A. New Delhi regards any situation which tends to drive the US and USSR apart, or the USSR and Chinese Communists toward each other (such as Vietnam), with great apprehension.~~

- B. India relies heavily on the USSR for military assistance, with over \$600 million worth of arms and equipment on order. Soviet arms already pervade the entire military establishment.

- C. Both the US and the USSR continue supplying India with large quantities of economic assistance.

1. The US is expected to furnish nearly \$400 million of the \$900 million in nonproject assistance to be supplied India by the non-Communist consortium for the first year of New Delhi's fourth Five-Year Plan (1966-71). Washington has supplied India with a total of over \$7.5 billion in economic assistance (including PL-480 shipments) since independence.

2. The USSR <sup>has given</sup> ~~recently pledged about \$1 billion~~

about \$2 billion in economic assistance over the next five years. However, nearly two fifths of this,

INDO-PAK-8

SECRET

~~SECRET~~

No Foreign Dissem

amount had previously been committed but not expended. Prior to 1 July 1966, the Soviet bloc had pledged economic aid to India totaling \$1.35 billion.

D. ~~The Indian Government~~ views China as the gravest threat to the nation's security.

1. Peking maintains a claim to large areas of eastern India and, at the western end of the frontier, continues to occupy several thousand square miles of Kashmir.
2. Occasional minor clashes along the Tibetan border have resulted in Indian nervousness over Chinese intentions toward the small border states of Bhutan, Sikkim, and Nepal.
3. The Chinese explosion of nuclear devices and their alleged development of a missile capable of carrying such a device has increased pressure on New Delhi to develop its own nuclear weapons.

PAKISTAN

VI. In Pakistan, the tension arising from the hostilities with India over Kashmir has eased. President Ayub Khan is still in full control, and apparently is able to deal with any threat to his rule.

INDO-PAK-9

No Foreign Dissem

~~SECRET~~

SECRET

No Foreign Dissem

- A. The military appears solidly behind Ayub, despite some grumbling among junior officers.
- B. Most members of Ayub's political party remain loyal to him. There is some dissatisfaction, partly led by the pro-Chinese former foreign minister, Bhutto.
- C. The opposition, helped by the expiration of a seven-year ban on most of the country's leading politicians of the 1950s, may be moving toward greater unity, but conservatives and moderates have not yet been able to form an alliance with leftists and East Pakistani separatists. Moreover, several of these former political leaders have decided to join the political party of President Ayub.
- D. East Pakistani separatists are less active than last spring and summer, but are still vocal.
- E. Recent rail and dock strikes--both due in part to high food prices--have been symptomatic of some popular discontent, and Ayub's use of troops against railway workers may have further reduced his popularity.

*Weapons problem*

*Tanks +  
MiG-19s  
from China*

*#*

INDO-PAK-10

SECRET

No Foreign Dissem

28 February 1967

DCI BRIEFING FOR HOUSE  
ARMED SERVICES COMMITTEE

*Map, Middle East*

THE ARAB-ISRAELI SITUATION

15

- I. Israel and Syria, after some prodding by the United Nations, have been meeting recently for the first time in eight years, but the meetings have been unproductive.
  - A. The subject has been the dispute over farming activities in the demilitarized zone which lies along their common frontier.
    1. There has been no progress, and the talks have broken down because of Syrian unwillingness to adhere to the agenda.
  - ~~B. Local U.N. officials hope they can get the two sides together again, to seek an agreement on the definite limits of cultivation in the zone.~~
    - ~~1. There is no real prospect, however, for a basic settlement on the political status of the areas in dispute.~~
    - ~~2. The Israelis almost certainly will continue their efforts to establish full sovereignty over the entire demilitarized zone.~~
    - ~~3. Syria is not likely to stop its resistance to what it regards as Israeli encroachment on Arab lands.~~

II-45

No Foreign Dissem

SECRET

SECRET

NO FOREIGN DISSEM

II. Even if an agreement on the farming issue is reached it probably will have little or no effect on the problem of sabotage in Israel by Syrian-supported infiltrators.

A. The Israelis have repeatedly emphasized that, for them, this is a more serious issue than the dispute over the demilitarized zone.

~~B. The possibility of an Israeli reprisal against Syria became acute when, on 14 January, a terrorist mine exploded causing the first Israeli fatality since the current series of incidents began.~~

~~1. Israel beefed up its forces near the border in apparent preparation for a strike.~~

~~2. It was then that U Thant stepped in and called for an emergency meeting of the~~

~~UN chaired armistice commission that is supposed to maintain order along the frontier.~~

C. After the first Israeli-Syrian meeting, Syria announced it would give no guarantee that Palestinian commandos would stop their raids into Israeli territory..

II-46

NO FOREIGN DISSEM

SECRET

1. Some form of Israeli retaliation appears certain if there are any more casualties-- and the Israelis report that they have noted eight sabotage efforts recently.

III. In Jordan, King Husayn appears to have weathered the crisis precipitated by Israel's 13 November reprisal against three towns in Palestinian west Jordan.

A. We believe, however, that the King's position has been fundamentally weakened as a result of the hostile reactions among Jordan's Palestinian majority to the government's unpreparedness and impotence in the face of the Israeli attack.

B. Husayn's enemies within the country and in Egypt and Syria made a vigorous attempt to capitalize on the situation, and many of them are continuing to conduct subversive operations against him.

C. The US has tried to help by accelerating military aid shipments to Jordan.

~~This may explain some of the army's~~  
~~grumbling, which has been one of the~~  
~~most worrisome aspects of the crisis.~~

II-47

NO FOREIGN DISSEM  
SECRET

2. The humiliation and frustration of the armed forces over their defeat by Israel caused widespread dissension and led to increased conspiratorial activity within the military. #
- D. Stepped-up US aid has also encouraged the King to reject such other military counter-measures as the deployment of foreign Arab troops in Jordan.
1. This proposal, which was advanced by the inter-Arab Defense Council in December, is still an issue between Jordan and its antagonists in Cairo, Damascus, and Baghdad.
2. The matter was to have been discussed at another Arab Defense Council meeting on 14 February, but the meeting was postponed for a month, largely because Jordan refused to attend.
- E. Husayn recently visited Saudi Arabia, Kuwait, and the Persian Gulf shaykhdoms in quest of financial aid, since funds to pay for his defense purchases soon may no longer be available

II-48

NO FOREIGN DISSEM  
SECRET



SECRET

*No Foreign Dissem*

28 February 1967

DCI BRIEFING FOR HOUSE  
ARMED SERVICES COMMITTEE

SYRIA

I. In Syria, members of the radical Baathist clique which seized power in February 1966 continue to be split into factions.

A. Last September the regime crushed a coup attempt by one of its members, Major Salim Hatum, who subsequently fled to Jordan.

B. There are now reports that Hatum and disaffected antiregime elements based in Beirut are plotting the overthrow of the Damascus regime.

25X6

1. This group, [REDACTED] is relatively more moderate in character.

25X6

2. It opposes further rapprochement with Egypt, and favors increased civilian participation in Syrian politics.

II. Meanwhile, the regime as presently constituted continues to take a radical posture.

II-50

*No Foreign Dissem*

SECRET

66

million in Soviet credits for the construction of Syria's long-planned dam on the Euphrates River.

B. A mutual defense pact was signed with Egypt last November, and both countries are concerting their strident campaign against Jordan since the Israeli raid into Jordan in November.

25X6

III. An example [REDACTED] was the seizure last December of the Iraq Petroleum Company pipeline in the dispute over transit fees. The dispute has now been settled, but only after about three months of adverse economic consequences for Syria, Iraq, and Lebanon.

- A. The Syrian move may have been designed more for pressure against Iraq, as a matter of fact, than as a squeeze on IPC. Egypt and Syria have been trying to persuade Iraq to nationalize IPC.
- B. Iraq is not about to do this. IPC royalty payments account for 70 percent of Iraq's annual \$360 million oil income, and 40% of the Iraq national budget.
- C. The Iraqis were so furious that they began to use some of their choicest Arab curses for the Syrians in the presence of non-Arabs, which is rare in the Middle East.

SECRET

28 February 1967

DCI BRIEFING FOR HOUSE  
ARMED SERVICES COMMITTEE

EGYPT

- I. The prestige of Egyptian President Nasir in the Arab world is at its lowest point of recent years, and he has severe economic problems at home. There is no indication, however, that he will moderate any of his policies. On the contrary, he has recently become even more hostile toward the United States and his conservative Arab rivals.
  - A. Nasir would like to destroy Israel and establish Egyptian hegemony over the entire Middle East, but for the moment his principal concern is getting enough for the Egyptians to eat.
  - B. The US-Egyptian agreement for Public Law 480 wheat has not been renewed.
    1. Egyptian foreign exchange holdings are very low, so that Cairo can seek only small quantities of wheat in the open world market.
    2. The Soviet Union has promised to help, and can do so from its record crop. Recent reports indicate they have agreed to supply Egypt with 650,000 tons over the next few months.

II-53

SECRET

SECRET

3. Egypt has to import about two and a half million tons a year. In the past, PL-480 shipments have run as high as 1.5 million, but in the last full crop year they fell short of one million tons.
- C. Nasir is bitter. In a speech just before Christmas, he charged that the United States had cleverly made Egypt dependent on PL-480 wheat and thus induced Cairo to put the resultant savings into development.
1. Then, Nasir charged, we began to impose conditions on the agreement, calling for restrictions on Egyptian missile and nuclear research and other defense expenditures.
  2. When Nasir rejected these strings, he says, the United States began what he calls a "war of starvation." He also reportedly said that within two years Egypt's economic situation will improve to the point where he can then "thumb his nose at the West."
  3. Nasir complains that the U.S. is backing the kings of Jordan and Saudi Arabia in a plot to destroy Egyptian influence. On February 12 he banned overflights by U.S. aircraft carrying arms to Jordan.

II-54

SECRET

*Actually, Nasir is the one who is plotting against Husayn & Faysal.*

*Also Back in ADEN*

*Out 14 '68 (69)*

No Foreign Dissem

28 February 1967

DCI BRIEFING FOR HOUSE  
ARMED SERVICES COMMITTEE

YEMEN

- I. In Yemen, an agreement signed by Egypt's Nasir and Saudi Arabia's Faysal in August 1965 stopped the four-year-old war, at least temporarily, but there has been virtually no progress beyond the cease-fire toward a solution.
- A. The Saudis stopped their arms aid to the Yemeni royalists, *but appear to be about to resume,* ~~and have not renewed it.~~
- B. The Egyptians, who in the past have backed the Yemeni republicans with up to 60,000 troops, have reduced their forces to about 35,000 men.
- C. Efforts by Kuwait to mediate a conclusion of the war and establishment of a joint Yemeni government have come to nothing.
- II. Meanwhile, Yemen became a virtual Egyptian colony in August, 1966, when Nasir sent Yemen's President Sallal back from Cairo to resume control of the government.

II-57

No Foreign Dissem

SECRET

70

- A. ~~All Yemeni republican leaders not subser-~~  
vient to Egypt have been jailed, dismissed  
from the government, or forced to flee to  
safety in the ~~hills or in Saudi Arabia.~~
- B. Royalist and republican Yemenis have not  
yet been able to unite, however, against  
the common foe--Sallal and the Egyptians.
- C. King Faysal remains under Saudi and royal-  
ist pressure to ~~resume arms shipments to~~  
Yemen and to order a general attack. So  
far he has managed to preserve a shaky truce.
1. ~~Faysal fears that Nasir intends to keep~~  
~~his army in Yemen in order to be able~~  
~~to take over Aden and South Arabia when~~  
~~the British pull out in 1968.~~
  2. Faysal is not likely to show restraint  
much longer if the Egyptians continue  
to run terrorist operations against him  
in Saudi Arabia.
  3. Egyptian aircraft added to the tension  
in mid-October and again in late Febru-  
ary by bombing a Saudi Arabian border  
town which has served as a supply base  
for the royalists in Yemen.

II-58

NO FOREIGN DISSEM  
SECRET

*No Foreign Dissem*

4. Egyptian aircraft attacked a northern Yemeni village early in January with poison gas, causing a reported 200 deaths. There have been unconfirmed reports of at least one subsequent gas attack.

II-59

*No Foreign Dissem*

SECRET

NO FOREIGN DISSEM  
BACKGROUND USE ONLY

28 February 1967

DCI BRIEFING FOR HOUSE  
ARMED SERVICES COMMITTEE

TURKEY

- I. The government of Turkey continues to affirm that Turkey is aligned with the West and loyal to NATO.
- A. In the wake of the Cyprus crisis, however, there is a new attitude of independence in Ankara; there is less cooperation with the United States; there is a growing willingness to trade with the Communist countries; and leftist elements have been able to mount an active campaign of anti-Americanism.

II. The government of Suleyman Demirel has now been in power for more than a year, and retains wide public support. It has strengthened its control of parliament, bolstered the confidence of the business community, and solidified its relations with the top military command.

~~A. The military leaders were wary and suspicious a year ago when government passed to Demirel's~~

II=60

NO FOREIGN DISSEM  
SECRET



SECRET  
No Foreign Dissem  
Background Use Only

~~Justice Party. They considered it a re-~~  
~~grouping of the elements which had supported~~  
~~former Premier Menderes.~~

B. ~~At the same time, however, they recognized~~  
~~that it had the strongest popular backing of~~  
~~any party, and offered the best chance of stable~~  
~~and effective government. Demirel's responsible~~  
~~leadership over the past year has justified~~  
~~the almost reluctant decision of the military~~  
~~command to let the Justice Party take over.~~

1. There is, however, a small group of influential high officers who believe that the government is not doing enough to keep leftists under control.
2. There are also a number of junior officers, and some retired military personnel, who either oppose the Justice Party, or question whether any democratic government can carry out the social and political reforms which they feel Turkey needs.

C. Leftism, which was vigorously suppressed before the revolt against Menderes in 1960, has a new respectability in Turkey. The Republican People's Party has been giving greater stress to leftist themes, and the Turkish Labor Party--a Marxist

II-61

SECRET

74

SECRET  
No Foreign Dissem  
Background Use Only

group, has a solid representation in the National Assembly.

1. These leftist elements are doing their best to exploit American activities in Turkey, and incidents involving Americans, in order to create anti-American sentiment and instigate anti-American demonstrations.
2. They then use these demonstrations to press the government to reduce or restrict the U. S. presence in Turkey.

III. The government has, in fact, been much less forthcoming in its cooperation with the United States, although this should be attributed much more to the Cyprus problem--and the desire to improve relations with the Soviet Union--than to the workings of the leftists.

- A. One of the most important problems in US-Turkish relations at present is a reappraisal, at Ankara's request, of some 55 U.S.-Turkish bilateral agreements.
- B. One facet of this problem is the continuing Turkish restriction of a number of U.S. Government activities within or originating in Turkey--for example, the use of Turkish territory by our Sixth Fleet for amphibious exercises.

II-62  
No Foreign Dissem

SECRET

#?

SECRET  
No Foreign Dissem

C. The Cyprus question, with its inherent strains on Turkish relations with both Greece and the United States, remains a dilemma for Ankara.

1. Public interest in the dispute has waned, but the Turkish Government remains firmly committed to support and protect the Turkish Cypriot community--by military intervention if necessary.

2. Intervention on Cyprus would be a major military operation for the Turks, almost certainly running the risk of war with Greece in view of the 10,000 regular Greek troops on the island.

IV. Turkish moves toward a detente with the Soviet Union, except for economic relations, have been cautious and restrained.

A. Soviet Premier Kosygin was given a cool and at times hostile reception by Turkish crowds on his recent visit to Ankara. *TF*

~~B. The Turks have, however, cited concern for their relations with the Russians in such moves as restricting U.S. naval visits to Turkish Black Sea ports,~~

25X6

25X6

II-63

No Foreign Dissem

SECRET

CYPRUS

- I. The Cyprus dispute is still with us, and there is no solution in sight.
  - A. Conversations between the Greek and Turkish governments had caused some cautious optimism, but there has been no agreement on substantive differences. Athens still insists that any solution must not rule out eventual enosis, meaning union with Greece. Ankara demands some form of Turkish presence on the island as an adequate guarantee of the safety of the Turkish Cypriot community.
- II. If the Greeks and the Turks should reach some agreement on the future of Cyprus, they will still face the major job of selling their solution to the President of Cyprus, Archbishop Makarios.
  - A. At a recent Crown Council in Athens, Makarios objected strongly to a resumption of the discussions between Greece and Turkey.
  - B. His latest major move to sustain the tension on the island was his acquisition of light and heavy weapons from Czechoslovakia.

II-66  
NO FOREIGN DISSEM  
**SECRET**

No Foreign Dissem

1. Athens controls the Cypriot National Guard. Makarios wants a military force independent of Greek control, and ordered the Czech arms to beef up the Cypriot national police force. The first Czech shipment reached Cyprus before the Greeks were even aware that Makarios was dealing with Prague.
2. Athens had tried to take possession of the weapons, but Makarios has refused to turn them over to the Cypriot National Guard. He would agree only to periodic inspection by the U.N. Peace Force. The Turks insist the arms should be placed under U.N. custody, and they will react violently if Makarios issues the weapons, possibly by air-dropping weapons to the Turkish Cypriots.

~~B. The incident shows how little leverage Greece has with Makarios, although there are 10,000 mainland troops on Cyprus and Greek General Grivas commands the Cypriot National Guard.~~

C. The U. N. Peace Force now is down to about 4,500, and there is financial pressure for a further reduction which would seriously affect its ability to keep the peace.

II-67  
No Foreign Dissem

SECRET

78

SECRET

No Foreign Dissem

28 February 1967

DCI BRIEFING FOR HOUSE  
ARMED SERVICES COMMITTEE

IRAN

- I. Iran maintains a close relationship with the United States, but the Shah has been actively pursuing more independent policies.
  - A. The Shah is convinced that the ambitions of Egyptian President Nasir are a greater threat to the security of Iran than any objectives the Soviet Union may have.
    1. He feels that the United States underestimates the Egyptian threat.
    2. He was badly shaken, furthermore, when the United States cut off military assistance to Pakistan during the conflict over Kashmir in 1965.
    3. This has apparently made him wonder whether he can rely on our military assistance if he were to find himself at war with the Arabs over conflicting interests in the Persian Gulf area.
    4. Against this eventuality, the Shah is trying to diversify the sources of his military equipment.
  - B. The Shah may also have concluded that a more independent policy would give his regime a progressive, "nonaligned" image.

II-68

No Foreign Dissem

SECRET

~~SECRET~~  
NO FOREIGN DISSEM

1. ~~"Non-alignment," after all, is very fashionable~~  
~~in the Asian-African world today, and the image~~  
~~would be useful at home too. The first steps~~  
~~toward a more independent policy have been well~~  
~~received in Iran, bolstering the Shah's personal~~  
~~popularity.~~

2. ~~Coming down to brass tacks, the rapid social and~~  
~~economic progress in Iran has the country doing~~  
~~well economically, and stable politically (al-~~  
~~though this derives from the person of the Shah).~~  
~~This means that for the first time the Shah is in~~  
~~a position to reduce his dependence on the United~~  
~~States for support.~~

II. The most significant aspect of the Shah's new approach internationally is a growing rapprochement with the Soviet Union and Eastern Europe.

A. The Shah's efforts to diversify armament sources, along with his complaints over prices and delivery terms for weapons from the United States, led him to ask the Soviet Union in July, 1966, for arms including SA-2 surface-to-air missiles.

II-69  
NO FOREIGN DISSEM  
~~SECRET~~

(50)

**SECRET**

NO FOREIGN DISSEM

1. He backed away from the request for missiles when the United States indicated its displeasure, and the Soviet Union showed no great eagerness to provide them.
2. Nevertheless, Iran has recently agreed to buy about <sup>110</sup>~~\$5~~ million worth of armored personnel carriers, anti-aircraft guns, and military vehicles from the U.S.S.R.
- ~~3. The Iranians recently referred to the total purchase price as \$110 million. They have not explained the discrepancy.~~
4. The materiel is to be paid for in goods, including natural gas to be delivered through a pipeline which has not yet been built.

II-70

NO FOREIGN DISSEM

**SECRET**



SECRET  
No Foreign Dissem

B. The Soviet Union agreed in January, 1966, to build a steel mill in Iran. With related projects, this will probably cost nearly a billion dollars. The Russians are going to provide a credit of \$280 million.

C. There have also been persistent reports that Iran is working on an oil deal with the Soviets.

- As you probably know*
1. [ The Shah has not been satisfied with the performance of the Western consortium which markets most of Iran's oil. Late last fall he threatened to expropriate part of the concession area if the consortium didn't increase the oil output. ]
  2. The Shah was talking in terms of an increase of about 17 percent, to give Iran more foreign exchange for defense costs and development programs.
  3. The consortium finally agreed to try to increase its marketing by about 12 percent a year for the next two years. It also returned about a quarter of the concession area to Iran, and agreed to provide low-cost oil which Iran could sell to Eastern European countries.

II-71

No Foreign Dissem  
SECRET

82

SECRET  
No Foreign Dissem

D. The Iranians say that Soviet seismologists have located potential oil reserves in the Caspian Sea. The Shah says he feels the Soviets would be the logical partners to develop Iranian off-shore oil in the Caspian.

1. He says the Soviets have offered to buy Iranian oil, and he obviously hopes that Eastern Europe will become an important market too.

~~E. He visited Bulgaria, Rumania, Poland, Hungary and Yugoslavia during the past year.~~

- ~~1. Iran has concluded a significant trade agreement with Rumania, and other satellite deals are in the works.~~

II-72

No Foreign Dissem  
SECRET

83

SECRET

27 February 1967

## BRIEFING PACKAGE

MAP, CONGO

THE CONGO

16

I. Where the Congo is concerned, prediction is always chancy, but the country may be entering a period of relative political stability.

A. Mobutu, in the year since he seized power, has shown who is the boss far more clearly than his predecessors did.

1. He has reduced the civilian politicians to virtual impotence. They are now limited pretty much to competing for a chance to influence Mobutu.
2. Former Premier Tshombé, in exile in Madrid, continues to plot, but with little prospect of early success.
3. ~~In late October, Mobutu had no difficulty in firing Premier Mulamba, the only military man with prestige comparable to his own.~~
4. ~~At key points in the provinces, notably Tshombé's old Katanga bailiwick, Mobutu has ousted local civilian figures and installed military officers loyal to him.~~

CON-1

SECRET

113

84

SECRET

B. The rebellion is now confined to remote and economically unimportant parts of the country, and the rebels themselves are giving up in large numbers. This is largely because of mercenary efforts, and because the rebels are no longer getting outside support.

~~1. A potentially serious mutiny of Katangan troops in Stanleyville (now called Kisan-gani) was ended in September with no lasting damage to the regime. Again, this was largely due to the foreign mercenaries, who stood by the Mobutu regime.~~

~~2. Perhaps most important, the populace in most parts of the country is tired of all the turmoil, and in no mood to start new adventures.~~

II. Mobutu, inspired by these internal accomplishments, wants to make the Congo a force in African politics.

A. He has cultivated the radical Africans, who as recently as late 1965 were supporting the rebels.

CON-2

SECRET

B. He has proposed resumption of relations with the Soviet Union, both to give himself greater bargaining power between East and West, and to improve his image with nonaligned nations.

~~1. Negotiations on this front are taking place, but progress has been slow, largely, it seems, because of Congolese distrust and preoccupation with other things.~~

IV. A third aspect of Mobutu's new "nationalism," and the one in the news recently, is his campaign to rid the Congo of the vestiges of "neo-colonialist" influence.

A. This takes the form of a campaign against Western, mainly Belgian business interests, and particularly against the giant copper-mining concern, Union Miniere.

1. Union Miniere, on which the Congo Government depended for half its revenue and 70 percent of its foreign exchange, was a particularly visible target for the Congolese.

~~2. Company officials did not make relations any easier with their frequently tactless handling of Congolese sensibilities.~~

CON-3

SECRET

SECRET

~~B. The Congolese stepped-up harassment of the company last May with restrictive laws and tax increases.~~

C. Early in December ~~the two sides almost reached agreement on an arrangement turning the Congolese part of Union Miniere's activities over to a Congolese company.~~

1. ~~At this point~~ Mobutu, apparently persuaded by his radical advisers that the company would yield to further pressure, told Union Miniere that it must "Congo-lize" itself entirely or he would seize the mines on 1 January.

25X1C

D. [REDACTED] they expected right up to the deadline that the company would back down. The Union Miniere board, ~~however~~, <sup>felt</sup> apparently ~~decided that~~ it might be a good time to get out of the Congo.

1. The company has made very little profit over the last few years.
2. Moreover, by inflating the copper "pipeline" it had about \$150 million worth of unsold copper outside the Congo which it could set against the value of assets seized by Mobutu.

CON-4

SECRET

87

V. ~~When the company refused to rescue him, Mobutu~~  
~~went ahead with his seizure of the mines on~~  
~~1 January.~~

A. ~~As the crisis developed, it became clear~~  
~~that Union Miniere had two effective levers~~  
~~over Mobutu.~~

1. ~~It could scare off potential buyers of~~  
~~Congolese copper and potential sources~~  
~~of commercial loans by threatening to~~  
~~cloud the legal title to the copper pro-~~  
~~duced since the seizure.~~
2. ~~The company's European personnel were~~  
~~essential to continued production and~~  
~~could not be replaced by anyone in or~~  
~~out of the copper business in any reason-~~  
~~able period of time.~~

B. Eventually, after the Congo had experienced  
the onset of a serious foreign exchange and  
supply crisis, and after a wild-goose chase  
after an international consortium which the  
Congolese hoped could be used to bypass Union  
Miniere, Mobutu agreed to let a Union Miniere  
subsidiary run the mines and market the copper  
under contract.

CON-5

SECRET

SECRET

No Foreign Dissem

MAP, SOUTHERN AFRICA

27 February 1967

17

DCI BRIEFING

RHODESIA, SOUTH AFRICA, AND SANCTIONS

- I. It is a sure bet that the problem of Rhodesia, South Africa, and sanctions is going to be a headache for some time to come.
  - A. The sanctions are not going to force the break-away government in Rhodesia back under London's control.
    1. This type of pressure just won't work unless it is applied to the Republic of South Africa, and probably Portuguese Mozambique as well.
    2. Rhodesia will continue to sell its export goods, and bring in the essential imports it needs, through these friendly neighbor countries.
  - B. As a result, the African nations will be demanding that the sanctions be extended to any countries which may help Rhodesia evade them.
    1. The more radical African countries were thinking of South Africa when the sanctions were applied to begin with.

RHO-1

No Foreign Dissem

SECRET

78  
89



~~SECRET~~

No Foreign Dissem

2. They think the British should somehow be made to settle the Rhodesian problem by military force.

3. Meanwhile, they welcomed economic pressure against Rhodesia as a step toward making the major powers apply the same measures to South Africa.

~~4. Even the more moderate African nations, however--for instance, those which still operate within the British Commonwealth--insist that Rhodesia must be forced back into line.~~

C. Sanctions are not going to be extended to neighboring countries which help Rhodesia.

1. I do not need to speak to what the US government may decide--the British are simply not going to go along with this, because the British economy is in bad shape already, and couldn't take the loss of South Africa as a trading partner.

~~II. Meanwhile, white opinion seems to be hardening in Rhodesia on the racial issue.~~

A. Before negotiations broke down with Britain last December, the  ~~Rhodesian~~ <sup>Rhodesian</sup> government appeared

RHO-2

No Foreign Dissem

~~SECRET~~

SECRET

No Foreign Dissem

ready to make some concessions--for instance, on African political rights and land ownership, although the minority whites would have kept control of the country.

B. Since then, "right-wingers" in the ruling Rhodesian Front Party have criticized those concessions as too liberal, and there has been some back-tracking in public statements by the rebel regime.

~~C. Despite such right-wing criticism, Prime Minister Smith is secure in his position as long as he continues to safeguard white control of the country, which seems likely.~~

III. The Rhodesians probably will keep on trying to get London to accept a compromise, negotiated settlement that would give an independent Rhodesia normalcy in its international economic and diplomatic relations. *ff*

~~A. The new constitution that the Rhodesians are drawing up may include some aspects of the Wilson-Smith agreement of last December, which gave the appearance of protecting African interests.~~

RHO-3

No Foreign Dissem

SECRET

SECRET

No Foreign Dissem

27 February 1967

BRIEFING PACKAGE

WHITE SOUTHERN AFRICA

- I. The British showdown with Rhodesia in recent months has to some degree shifted the spotlight away from the so-called "white redoubt" in Southern Africa--the Republic of South Africa, and Portuguese Angola and Mozambique.
  - A. In South Africa, the new regime which took over when Hendrik Verwoerd was assassinated is as dedicated as he was to the continuation of undiluted white rule and of apartheid (racial separation).
  - B. Portugal is managing to contain increased insurgency in Angola and Mozambique.
  - ~~C. The new African nations are hoping that the sanctions which the United Nations voted against Rhodesia can be extended to hit South Africa and Portuguese Africa as well, since Rhodesia gets help from her neighbors in surmounting the sanctions.~~
  - D. At the moment, ~~however~~, the existing regimes appear to be securely in control of their "white redoubt."

AF-1

No Foreign Dissem

SECRET

SECRET

No Foreign Dissem

February 1967

BRIEFING PACKAGE

*Map, NIGERIA*

NIGERIA

18

I. Nigeria is a separate problem in Africa. Deep tribal and regional antagonism has ripped up an artificial national unity that rested precariously on more than 250 separate and often quarreling tribes.

A. Two military coups in the past year swept away the main political leaders and institutions of the federation which the British had created. These coups were basically a reflection of the division between the more numerous and backward Northerners--most of them Muslims--and the more advanced tribes--some of them Christian--of the coastal regions.

B. At present there is a near stalemate; the four principal regions have found it extremely difficult to conduct negotiations, let alone reach agreement.

AF-26

No Foreign Dissem

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No Foreign Dissem

1. The federal military government, since the second coup last summer, has been headed by a Christian Northerner, Lt. Col. Gowon. Gowon wants a strong central government, and more small states instead of the four regions.
  2. The oil-rich Eastern region, led by Lt. Col. Ojukwu, is dominated by the Christian Ibo tribe. Ibos, under the old civilian regime, had many of the better civil service jobs in the North because of their better education. During the second coup, undisciplined northern soldiers began a pogrom against Ibos in the army culminating in a mass slaughter last fall of Ibo civilians all over the North. Now the Ibos insist on a loose union in which the four regions would share certain common services.
- C. The meeting of Nigeria's top leaders last month in Ghana reduced tensions momentarily, but they have already begun to build up again.

#?

AF-27

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No Foreign Dissem

~~C. Gowon and Ojukwu, the leading protagonists, have been unable or unwilling to compromise on basic issues.~~

~~1. Pressures for military action exist on both sides.~~

~~2. Ojukwu is demanding a larger share of federal revenues, and may unilaterally take control of some at the beginning of the fiscal year, 1 April.~~

~~a. Gowon may consider this sufficient cause for action against the East.~~

~~3. Gowon seems determined to carve up the East, as well as the North, into more states, a move Ojukwu will strongly resist.~~

II. The United States has no military commitments in Nigeria, but we must perforce be interested in developments in the most populous country in Africa, with some 50 million inhabitants.

A. The largest AID, Peace Corps, and U.S.I.S. programs in Africa are all located in Nigeria.

1. All told, there are about 7,000 American nationals in the country, including about 350 official personnel and more than 800 Peace Corps volunteers.

AF-28

No Foreign Dissem  
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No Foreign Dissem

2. ~~In addition to the embassy in Lagos~~  
~~and consulates in three regional capi-~~  
~~tals,~~ [REDACTED]  
[REDACTED] A space-  
tracking station at Kano is phasing  
out.

STATSPEC

STATSPEC

3. The U.S. AID program is based on a  
commitment made several years ago  
to contribute \$225 million to Nigeria's  
Six-Year Development Plan.
4. American private investment and annual  
trade with Nigeria each amount to about  
\$100 million. ~~Most of the direct U.S.~~  
~~investment is in the rapidly expand-~~  
~~ing oil industry, with five American~~  
~~companies competing for a share.~~

AF-29

No Foreign Dissem  
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CUBA

(MAP) *Cuba*

- I. There has recently been a substantial increase in Soviet military shipments to Cuba, but it is our considered judgment that there is no evidence of strategic weapons or nuclear warheads on the island.
  - A. Most of the shipments are replacements, spares, maintenance equipment, ammo.
  - B. 'GUIDELINE shelf life 5 years--been there almost that long.
  - C. Bound to start rumors.
  - D. More boats, new MIG's.
- II. Cuban military establishment one of largest and best equipped in LA. Morale good, esp. officers. fully capable of maintaining order, and defending Cuba against anything short of a large-scale external invasion backed by US. 1
- III. Foreign Policy: hard line on revolutions elsewhere in Lat Am. No longer abide by old Havana agreement.
  - A. Venezuela--funds, training, weapons, to Douglas Bravo.
  - B. Guatemala--arms smuggled thru Mex. Supporting militants against orthodox CP officials.
  - C. Colombia, sponsor, train, finance ELN NE of Bogota.
- IV. At home, Fidel firmly in control. Observers tell us he is robust as an ox.
- V. Economy big headache. Mismanagement, inefficiency, low labor productivity, hurricanes.
  - A. Che overemphasized industrialization.

97



million tons, but in 1967, if weather holds,  
one of  
Castro may have/best in history-- 6 to 7  
million tons.

- C. Now problem is how much sugar Bloc can take at  
artificial price high above world market. If  
Castro has to sell at world prices, bumper  
crop will bring little added revenue.

CONGO (K)